

UNITED STATES DISTRICT COURT  
DISTRICT OF MINNESOTA

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IN RE: CENTURYLINK SALES ) File No. 17-md-2795  
PRACTICES AND SECURITIES ) (MJD/KMM)  
LITIGATION )  
 )  
 ) Courtroom 13E  
 ) Minneapolis, Minnesota  
 ) Wednesday, January 22, 2020  
 ) 10:05 a.m.  
 )  
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BEFORE THE HONORABLE MICHAEL J. DAVIS  
UNITED STATES DISTRICT COURT SENIOR JUDGE

**MOTIONS HEARING ON DOCKET NO. 466**

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5 \* \* \*

7 **P R O C E E D I N G S**

8 **IN OPEN COURT**

9 \* \* \*

10 THE COURT: Good morning. Please be seated.

11 Let's call this matter, please.

12 THE CLERK: In Re CenturyLink Sales Practices and  
13 Securities Litigation, Civil Case No. 17-md-2795.

14 Counsel, please state your appearances for the  
15 record.

16 MR. GUDMUNDSON: Good morning, Your Honor. Brian  
17 Gudmundson on behalf of consumer plaintiffs.

18 THE COURT: Good morning.

19 MR. LAIRD: Michael Laird on behalf of consumer  
20 plaintiffs.

21 THE COURT: Good morning.

22 MS. WANG: Good morning, Your Honor. Ling Wang on  
23 behalf of consumer plaintiffs.

24 THE COURT: Good morning.

25 MS. REGAN: Good morning, Your Honor. Ann Regan

1 on behalf of the consumer plaintiffs.

2 THE COURT: Good morning.

3 MR. MCNAB: Good morning, Judge Davis. Bill  
4 McNab, Winthrop & Weinstein, on behalf of CenturyLink, Inc.,  
5 and the proposed intervenors.

6 THE COURT: Good morning.

7 MR. GUTKIN: Good morning, Your Honor. Jeff  
8 Gutkin from the Cooley firm on behalf of CenturyLink, Inc.,  
9 and the proposed intervenors.

10 THE COURT: Good morning.

11 MR. LOBEL: Good morning, Your Honor. Douglas  
12 Lobel on behalf of CenturyLink and affiliates.

13 THE COURT: Good morning.

14 MR. BLACKWELL: Good morning, Your Honor, Jerry  
15 Blackwell speaking for CenturyLink.

16 THE COURT: Good morning.

17 MR. WILLIAMS: Good morning, Your Honor. Mike  
18 Williams also for CenturyLink.

19 THE COURT: Good morning. And a Happy New Year to  
20 everyone.

21 All right. Let's proceed.

22 MR. GUDMUNDSON: Good morning, Judge Davis. This  
23 is Brian Gudmundson again.

24 We're very pleased to present a settlement for the  
25 court's consideration this morning. It's a product of a lot

1 of litigation and a lot of negotiation and a lot of give and  
2 take. We strongly believe it's within the range of possible  
3 approval and that the court should grant the motion for  
4 preliminary approval.

5 So without further adieu, I will sort of jump into  
6 what the settlement is all about and then maybe give a  
7 little bit of background about how we got there and then  
8 entertain any thoughts the court may have.

9 To start with the settlement, the settlement is  
10 somewhat basic. We start with the settlement class. The  
11 settlement class are CenturyLink customers from January 1,  
12 January 1, 2014, to the present. That is comprised of  
13 approximately 6.6 million current customers and  
14 approximately 10.6 former customers, approximately  
15 17.2 million people in all.

16 The settlement benefits are rather  
17 straightforward. It's an approximately \$18.5 million  
18 settlement, and that is comprised of a 15.5 million primary  
19 fund that will be used to pay the claims that are submitted  
20 by class members, any class representative awards that are  
21 issued by the court and any attorneys fees that are issued  
22 by the court or ordered by the court, rather.

23 There's an additional \$3 million fund created for  
24 notice of the administration. From experience in a variety  
25 of data breach cases and other cases involving a large

1 amount of class members, we know that this is no small  
2 undertaking. And we believe, a strong belief, that that  
3 fund is sufficient to accomplish the goals of constitutional  
4 notice in the administration of the settlement.

5 Class members will be able to make two different  
6 types of claims.

7 THE COURT: I'd like to stop you there. Do you  
8 have a guesstimate of how many claims there will be?

9 MR. GUDMUNDSON: We certainly have a lot of data  
10 about claims rates and things like that, but I think Your  
11 Honor is asking about a different question, which is if  
12 you've got 17.2 million class members and you've got 15 or  
13 \$18.5 million primary fund, how are you going to pay these  
14 claims. And the answer is rather simple.

15 We don't assume that 100 percent of CenturyLink's  
16 customers, past and present, for the past several years  
17 suffered damages that were not reimbursed. I think that if  
18 that were the case, these would be bankruptcy proceedings  
19 perhaps and not a class action settlement.

20 We did a large amount of confirmatory discovery to  
21 determine how many people may be out there to make claims.  
22 We spent a long time on it, as Your Honor knows, and we  
23 learned some things. One thing we learned is that there are  
24 multiple layers of customer service at CenturyLink that  
25 handle complaints about billing and a variety of other

1 things and that issue a lot of reimbursements. There were  
2 tens of millions of dollars of reimbursements during the  
3 class period that satisfy a lot of the complaints.

4 At the very top of that web or network of customer  
5 service efforts is an organization called the Customer  
6 Advocacy Group. And that's called C-A-G or the CAG. We did  
7 a lot of discovery about the CAG, and we got a lot of  
8 information about it.

9 One of the things we learned is that less than  
10 1 percent of the class during the class period made a  
11 complaint to the CAG. And the CAG is handling most  
12 escalated issues that cannot be handled or where customers  
13 cannot be satisfied or the claims are too large or they're  
14 of a certain strength or people are pursuing them beyond the  
15 means of normal customer service to satisfy them. So less  
16 than 1 percent of the class made complaints to CAG.

17 The total amount of financial reimbursements by  
18 CAG during the class period was \$2.5 million. The average  
19 financial reimbursement made by CAG was \$68. And that  
20 became very instructive to us, especially that \$68 number,  
21 because it showed that while there are claims out there,  
22 they may not be the astronomical types of claims, thousands  
23 of dollars, that will be worth individual cases or things  
24 like that, and it helped us sort of form what might be a  
25 reasonable settlement. And so we believe it's going to be a

1 small percentage of the class that makes claims.

2 And in order to make a claim -- let me talk just a  
3 little bit about how the claims are made and how these class  
4 members verify their losses. The first is a flat payment  
5 claim. The class member can --

6 THE COURT: You still didn't answer my question.  
7 What's your guesstimate?

8 MR. GUDMUNDSON: Well, our guesstimate is  
9 somewhere in the low percentages, low under 10 percent.

10 THE COURT: Under 10 percent?

11 MR. GUDMUNDSON: Yes.

12 THE COURT: All right.

13 MR. GUDMUNDSON: And certainly we have data that  
14 can be further extrapolated, further analyzed and further  
15 combined, if the court desires further information.

16 THE COURT: You know, I need to -- I'm just asking  
17 questions --

18 MR. GUDMUNDSON: Sure.

19 THE COURT: -- and like my questions answered.

20 Dealing with -- you can talk about this later at  
21 some point, but what about that Equifax disaster? And so  
22 just trying to figure out if it's 18.5, minus 3 for  
23 administrative costs, and then if the court grants a third  
24 for attorneys fees and a guesstimate of a million dollars  
25 for fees and costs -- I don't know. I just threw that



1 figure out.

2 MR. GUDMUNDSON: Sure.

3 THE COURT: So that ends up with \$8.5 million in  
4 the pot for reimbursement. So I was trying to figure out,  
5 you know, what percentage of the people -- you are saying  
6 10 percent of 17.2. So that's how many people?

7 MR. GUDMUNDSON: That would be 1.7. We certainly  
8 think the number of claims will be below that.

9 If 1.7 million people made claims, it would be one  
10 of the largest claims ever made in the history of class  
11 action settlements, and we just don't think that the data  
12 was there to support that. We think that the money is  
13 certainly sufficient to support hundreds of thousands of  
14 claims, and we believe the data show that that was a more  
15 accurate number.

16 But I can tell you this, Your Honor. If we move  
17 to preliminary approval and we receive 5 million claims,  
18 we're going to have a lot of answering to do on final  
19 approval and there's going to be another round to look at  
20 this.

21 We believe that at this stage of the game the data  
22 has showed us, and certainly we're willing to satisfy the  
23 court with further data, if the court so desires, that it's  
24 certainly worth going forward in making that effort, issuing  
25 notice to the class, seeing what the response is. And if we

1 get objections, requests to opt out, a number of claims  
2 we'll have -- we'll have most of the claims data, if not all  
3 of it, by the time we come back for final approval. Your  
4 Honor may well say, well, I warned you of that, I didn't  
5 think it was enough, you told me that the data was there,  
6 now we have to take another look at it, and I don't think  
7 that it's what it should be. That's sort of the position we  
8 see ourselves in right now. We don't think that that's the  
9 route we are going to be on. We think that we're on a  
10 successful path, but that's -- that's the structure of how  
11 this thing can roll out.

12 THE COURT: All right. And you've got two paths  
13 for collection. And with that you must have some  
14 guesstimate of what the monetary payout will be with just  
15 signing up -- just a person signed up and received services  
16 or didn't receive services or were overcharged, but don't  
17 have any documentation, and then, second, the group that has  
18 documentation. So what is it -- and you've got a  
19 multiplier. So what's the guesstimate on the payout on the  
20 flat fee claims and the supported claims? What's the  
21 guesstimate?

22 MR. GUDMUNDSON: Well, we have not done an  
23 actuarial analysis of it, but we have talked to class action  
24 administrators, who are rather sophisticated in this type of  
25 data. By all accounts, the number of documented and support

1 claims are an infinitesimally small portion of the claims.  
2 We believe that the overwhelmingly large number of claims  
3 will be the \$30 flat payment variety, where you're simply  
4 stating that I was overcharged in one of the eight following  
5 ways and I didn't already receive reimbursement.

6 You know, one of the things that we're concerned  
7 about and we're working really hard to do it or preventing  
8 is fraudulent claims. We're very concerned that the people  
9 who have valid claims get paid the amount they should be  
10 paid. And to that end, we are working with the class action  
11 administrator to put systems in place so that we are not  
12 drowned out with a bunch of bad claims from people who  
13 falsify a document or something like that. We have not done  
14 an actuarial analysis of how many are going to be received.

15 THE COURT: So if the vast majority are going to  
16 be the flat fee claims and it's \$30 max, times the  
17 multiplier, that could diminish the \$30 down to 10 cents on  
18 a dollar?

19 MR. GUDMUNDSON: Well, certainly, Your Honor, if  
20 that happened, we would have some harsh questions to answer  
21 at final approval, and we think that that's not going to  
22 happen.

23 THE COURT: Well, you know, I want you to know  
24 that I've been looking at the calculations here and trying  
25 to figure out how you came up with your multiplier and your

1 numbers, so.

2 MR. GUDMUNDSON: Of course. And, Your Honor, that  
3 was a concern that was shared by plaintiffs' counsel  
4 certainly, and we did do a lot of confirmatory discovery,  
5 some of which -- only some of which was provided at the  
6 preliminary approval stage. The question is, How many  
7 claims are out there? That's the question. What percentage  
8 is out there? I mean, who do we have to --

9 THE COURT: That's why I was asking.

10 MR. GUDMUNDSON: Exactly.

11 THE COURT: What's your guesstimate? And at this  
12 point, it's just a guesstimate. I understand that. And so  
13 I can have, you know, I can do -- I can say 17.2, but I know  
14 that's not going to be the case. So you've done the  
15 research, and so you are saying it would be up to 10  
16 percent.

17 MR. GUDMUNDSON: I think the 10 percent would be  
18 on the astronomically high end of the equation and there's a  
19 couple of reasons for that, one of which is important and  
20 one of which is not at this stage of the game.

21 The data just didn't show a huge percentage of  
22 people making claims and a huge percentage of people making  
23 such complaints in the confirmatory discovery. That may  
24 mean a couple things. It may mean people are just fed up  
25 and don't want to waste the time in making a complaint, but

1 that's the data we have, but we also have data showing a  
2 very large amount of money was reimbursed to claimants  
3 during the class period, a very large amount, tens of  
4 millions of dollars, that theoretically, if we had a lot of  
5 unreimbursed claims out there, they've already been  
6 satisfied.

7 So we looked at data related to something called  
8 the ORKO issue that was raised in the Minnesota CDAG case.  
9 We identified a lot of different documents that identified  
10 specific, systematic computer glitches or even if they are  
11 not glitches, but they affected a lot of people, and we know  
12 that those were automatically reimbursed to those folks  
13 whether they made a complaint or not. We've got deposition  
14 testimony to that fact. We've got documentary support of  
15 that fact. And so we're left with the same questions that  
16 you are, Your Honor, and we've done a lot of the research  
17 into it, and we feel satisfied with it, but it's important  
18 that you feel satisfied with it, that there's just not a  
19 large percentage. It's in the low percentages.

20 And then, of course, the factor that's perhaps not  
21 as important at this stage and shouldn't be considered is  
22 how many people are actually going to take the time to make  
23 a claim. It's -- it's -- those rates are out there. We did  
24 not factor that into the equation when we negotiated this.  
25 It would be inappropriate to do so. But we do, even putting

1       that aside, think that there's enough money here to pay the  
2       claims that are out there.

3               THE COURT:   Okay.   Continue.

4               MR. GUDMUNDSON:   And again, Your Honor, just  
5       touching very briefly on the types of claims that can be  
6       made, it's the flat payment for \$30 a claim, which can be  
7       sort of ratcheted up or ratcheted down depending on how many  
8       claims are made, and that doesn't require any proof of  
9       causation.

10              There may be some checks done if somebody doesn't  
11      have -- use that account number or something like that.  
12      People have to supply data that they were a customer, when  
13      they were a customer, what they ordered and stuff like that  
14      and then that they were overcharged.

15              There's a supported document claim if people have  
16      a claim that they think is worth pursuing.   It's a greater  
17      value.   They can do that and receive up to 40 percent of  
18      that.

19              By the way, if you do the math on the \$68 average  
20      financial reimbursement and apply 40 percent to that, that  
21      also gets you to around \$30.   So the two class members are  
22      being treated roughly equal.

23              THE COURT:   One thing we forgot to do, we didn't  
24      acknowledge to people that are on the phone.

25              Who is on the phone?   Are there any attorneys --

1 MR. BLATCHLEY: Good morning.

2 THE COURT: Are there any -- please acknowledge  
3 yourself.

4 MR. BLATCHLEY: Good morning, Your Honor. This is  
5 Michael Blatchley from Bernstein Litowitz. We represent  
6 lead plaintiff Oregon in the securities case.

7 THE COURT: All right. Anyone else?

8 MR. MUELLER: Good morning, Your Honor. This is  
9 Keil Mueller with Stoll Berne, also representing lead  
10 plaintiff State of Oregon in the securities class action.

11 THE COURT: Thank you. I apologize for not  
12 acknowledging you earlier.

13 You may proceed.

14 MR. GUDMUNDSON: Sure. I think that the court has  
15 got a pretty firm grasp on what the two types of claims are,  
16 so I want to round back a little bit and just talk a little  
17 bit more about the fairness of the case and what the  
18 analysis sort of is. And I know Your Honor has presided  
19 over a number of class action settlements and is quite  
20 familiar with the standards to be applied.

21 You know, the big one is, What are the litigation  
22 risks and what are the range of possible outcomes. And that  
23 doesn't minimize the court's concern that somebody is going  
24 to get a 10 cent check at the end of the day, and the court  
25 will have a chance to analyze that. But we think that given

1 the confirmatory discovery and given the litigation risks  
2 that this case faced, you know -- you know, there was so  
3 much work done in this case. I know that Your Honor is well  
4 aware of the documents. I know certainly your staff is.  
5 Hundreds of pages of briefing and hundreds and hundreds of  
6 exhibits just on three motions, and we have not gotten to  
7 the merit -- not even gotten to the merits yet. The risks  
8 are legion. We think we got a good deal in light of the  
9 risks. There's certainly case law out there that -- that  
10 says that even a hundredth or a thousandth percent of a  
11 recovery could be fair given the risks. We don't think we  
12 are in that zone. We hope we are not in that zone. But we  
13 do think the litigation risks were substantial, not the  
14 least of which was arbitration, a contested class  
15 certification, and then you got to prove your case in chief.

16 We think that we've put a lot of work into it. We  
17 worked rather cooperatively. We had a lot of disagreements,  
18 but we had candid communication with defense counsel, and I  
19 think we were able to achieve a result that both sides feel  
20 is going to make people feel good.

21 I don't speak for defense counsel, and they will  
22 have a chance to speak for themselves, but I got to know  
23 them a little bit throughout the course of the litigation in  
24 trying to litigate and settle this case, and I know that  
25 they will tell you that they are not interested in doing a



1 deal that's going to fall flat on its face and that they  
2 participated in confirmatory discovery fully and that they  
3 believe in the value of the case as well.

4 A word about notice. We've got terrific notice  
5 here. It's direct notice. The current customers are  
6 getting their notice how they get their bill, by email if  
7 they get their bill by email, by direct mail, U.S. mail, if  
8 they get their bill in the mail. Former customers are  
9 getting direct notice too to the extent possible through  
10 email notice. We're doing a very sophisticated  
11 technological thing that the class action administrators are  
12 quite good at, which is finding emails with addresses, so  
13 you don't have to worry about people moving around. That  
14 being said, there's going to be a check against, for U.S.  
15 mail, against the national change of address registry. And  
16 it's all going to be supported by indirect notice on Google  
17 through targeted ad words and targeted keywords. We've got  
18 a declaration in the record to the constitutionality of that  
19 notice, and we feel very good about it.

20 There's -- there's a large portion of the  
21 settlement that has to do with agreed business practices  
22 that are going to prevent this type of thing from happening  
23 in the future.

24 As Your Honor may be aware, there's been a number  
25 of state attorney general settlements. Those settlements

1 include on a state basis a number of reforms, business  
2 practices. This is somewhat similar, but it expands to  
3 nationwide to all 36 states where CenturyLink does business.  
4 There will be full objection, full opt-out rights and a  
5 standard release, which is before the court.

6 THE COURT: Let's go back to the most recent AG  
7 settlement in the State of Minnesota dealing with the  
8 opt-out process there. It may, just my early calculations,  
9 it may seem like the people of Minnesota could, that had  
10 CenturyLink, could end up with more money from the AG fund  
11 than from this fund or am my calculations wrong on that?  
12 And even if I'm wrong, how are we going to give notice to  
13 those individuals that the AG has a pot of money and they  
14 may want to opt-out for that?

15 MR. GUDMUNDSON: Certainly. Well, I am not the  
16 most knowledgeable about that settlement, perhaps defense  
17 counsel is. I do know a little bit about it, and I will  
18 answer the question to the extent I think I can.

19 That settlement is comprised of a couple different  
20 pots of money. One is -- is something around 6 or \$800,000  
21 and that's going to specific people who were affected by the  
22 ORKO issue, which was a number of discounts that were  
23 promised at point of sale, but were not delivered. They  
24 were found through computer algorithms. Those people were  
25 identified and all of those people nationwide are getting

1 that money back. I believe that process was -- that process  
2 was in process before all of this came to a head.

3 There's a separate pot, 8 or \$9 million. I  
4 believe it's the settlement agreement the Minnesota State  
5 Attorney General has, calls for that to be spent by any  
6 lawful means under the 8.31 Minnesota statute. I don't know  
7 if their intention is to give it back to individual  
8 consumers to make them whole for any damages they are not  
9 made whole with in the MDL or if it's for a different  
10 purpose, but perhaps the defense counsel can talk a little  
11 bit about that, but I can tell you that it does not state in  
12 that settlement that this is going to be apportioned and  
13 ascribed to individually approved damages. I don't know  
14 what process they are willing to apply, but none of the  
15 attorney general -- current attorney general settlements, to  
16 my knowledge, call for a full restitutionary model where  
17 people will be made whole, although one may -- I believe one  
18 talks about backing up this settlement and says if anybody  
19 feels they haven't gotten enough there, they can perhaps  
20 make a claim against the fund here.

21 Our feeling about the attorney general settlements  
22 is that, you know, we think it's fantastic. We gave some  
23 extra time, as you know, at the end of the year last year to  
24 try to make those settlements, give that time to happen, and  
25 we feel that we're part of that. We feel that all of this

1 is a part of the same problem being resolved. Perhaps more  
2 attorney general -- attorney generals will step forward.

3 But, you know, if somebody is making a claim here,  
4 we're not asking -- all we're saying is, Did you have a loss  
5 and have you been reimbursed yet, and they can make a claim.  
6 If there's a separate process set up by an attorney general  
7 that may make the citizens of certain states whole, great.  
8 We certainly are not purporting to make anybody whole.  
9 That's not the nature of litigation, but I think that states  
10 with terrific attorney generals, like Minnesota, perhaps the  
11 people deserve a little bit more.

12 But if Your Honor has more questions about the  
13 attorney general settlements, I would be happy, but, again,  
14 I'm not the most --

15 THE COURT: Okay. Continue.

16 MR. GUDMUNDSON: Okay. A note about class  
17 certification. We think it's all in the papers. I don't  
18 intend to go through the elements of class certification,  
19 unless Your Honor is concerned.

20 THE COURT: No.

21 MR. GUDMUNDSON: Timing. The timing that we're  
22 considering is set forth both in the motion papers and in  
23 the proposed order. We're generally looking at notice going  
24 out in about 45 days. People will have a minimum of 45 days  
25 to consider whether to file a claim, opt-out or object.

1           We have it scheduled to file a petition for  
2       attorneys fees within 130 days, about five months, and the  
3       final fairness hearing scheduled sometime after that, with  
4       the final approval motion coming in at least two weeks  
5       prior. That ultimate timing for the final fairness hearing,  
6       by my math, looks somewhere about July or August, depending  
7       on the court's schedule and inclination to grant the  
8       preliminary approval motion and timing of that, but that's  
9       the general time frame of that.

10           Just some concluding remarks. I'll reiterate that  
11       we are pleased with the settlement. We'd like to see  
12       preliminary approval granted. We certainly stand ready to  
13       provide whether -- whatever further information the court  
14       would like to see.

15           We had -- I would be very remiss if I didn't  
16       mention the simply outstanding PSE we had in this case. We  
17       had heavy lifting across the board that resulted in a lot of  
18       work, but a lot of work was required, and the efforts of the  
19       firms that were involved in this case was simply  
20       outstanding, perhaps one of the best team efforts I've ever  
21       been a part of.

22           The class representatives are owed an incredible  
23       amount of credit. Each of them stood willing to do whatever  
24       it took. 25 of them were deposed. All of them collected  
25       documents and provided the information that was required.

1 They believe very, very strongly in the settlement and in  
2 this effort, and they cooperated and participated to an  
3 amazing degree.

4 I know that Judge Menendez is not here, but during  
5 2018 she called it the summer of discovery, and we spent  
6 four or five months doing so much discovery. It almost is  
7 unsparing, frankly. And those class reps getting 25, 30  
8 people in the right place at the right time, prepared and  
9 their documents in order and, frankly, working with defense  
10 counsel to make sure the thing worked on their end that we  
11 could take their depositions and get their documents in  
12 place and get them reviewed all simultaneously, was quite an  
13 effort and I was very proud to be a part of it.

14 One final word. I think that I would be remiss if  
15 I didn't mention the good relationship that I personally had  
16 with defense counsel, especially Mr. Lobel and Mr. McNab.  
17 We established very early that we wouldn't agree on very  
18 much, but we would have a high degree of candor and with  
19 that I think helped us through the summer of discovery and  
20 it also helped -- helped us talk turkey in the end to try to  
21 get something done that would be a good result for  
22 everybody.

23 So with that, I will sit down and leave it for the  
24 court to let me know of any further thoughts.

25 THE COURT: Thank you.

1 MR. LOBEL: Good morning again, Your Honor.  
2 Douglas Lobel for CenturyLink.

3 THE COURT: Good morning.

4 MR. LOBEL: Your Honor, we do fully support the  
5 settlement on behalf of CenturyLink, and we do think it is  
6 fair, reasonable and adequate, and I'm very much in  
7 agreement with what Mr. Gudmundson said throughout his  
8 remarks.

9 As you know, there was an enormous amount of work  
10 done on this case, and it was very contentious at the  
11 beginning and everyone -- we didn't agree on much. And  
12 eventually when we all had the idea to explore the  
13 possibility of resolution, it was by no means a foregone  
14 conclusion. And you even may note in Judge Phillips'  
15 declaration, he indicates that. And we had a very difficult  
16 day with him, and we didn't walk away with a resolution, but  
17 we kept at it. And as much of the hard work that we did in  
18 disputing each other and litigating, we then put into the  
19 possibility of resolution and we reached what we think is a  
20 very good result, which is clearly discounted for the risk  
21 that both parties had in this litigation, but we think we've  
22 come to a place that makes a lot of sense for the class and  
23 is a good result for the class and also for the company.

24 And this company, Your Honor -- you mentioned the  
25 state settlements. This company has now reached settlements

1 with four states, in the process of resolving the Arizona  
2 issues and will shortly be entering into a settlement with  
3 Arizona. This company has stepped up and is trying to do  
4 the right thing, is trying to get past this period of its  
5 history where it's spending so much of its effort, time and  
6 money litigating these issues with its customers and wants  
7 to move past that to serving its customers and improving its  
8 services to its customers.

9 And one other thing that is notable in the state  
10 settlements and also in this federal proposed settlement is  
11 these process improvements that the company has agreed to  
12 enter into because the company wants to. The company is a  
13 good company made of -- made up of very good people, and  
14 they want to get past these problems, the perceptions in the  
15 press, the issues with complaints, and they want to do the  
16 right thing for these customers, and this is -- and that's  
17 why we readily agreed to these improvements, and we think  
18 that it's brought us to a better place. So we want to  
19 continue that and continue this process with the federal  
20 settlement.

21 And with that said, I'm happy to answer any  
22 questions the court may have.

23 THE COURT: Well, I'm glad to hear that the state  
24 matters are coming to a conclusion and successfully coming  
25 to a conclusion. So that would be --



1           One question I have for you, dealing with the  
2           notice language for those state cases for either opting in  
3           or opting out, do you think there should be specific  
4           language to make sure it's clear that there's several  
5           opportunities for them to --

6           MR. LOBEL: Your Honor, we don't believe that  
7           people can participate in the state settlements only if they  
8           opt-out of the federal settlement. We don't think that's  
9           necessary.

10           The state settlements are structured where pools  
11           of money were agreed to as part of an agreement to resolve  
12           contested litigation. And let me, for example, read you the  
13           language in the Minnesota settlement. The money that was  
14           dedicated to the settlement is to be used for "any lawful  
15           purpose in the attorney general's sole discretion." And we  
16           know from speaking to the attorney general that there are  
17           costs of investigation, there are other significant costs  
18           that -- and it's their decision solely and in their sole  
19           discretion whether any of that money goes to the consumers  
20           or whether all of that money goes, but it's not necessary  
21           for them to opt-out of this proposed settlement in order to  
22           share in those moneys.

23           THE COURT: Okay.

24           MR. LOBEL: Now, I think we all recognize they  
25           can't double recover, but that's something that the attorney

1       general will have to work out in each of those states, and  
2       we don't see that as really part of the settlement.

3               THE COURT:   Okay.   So you don't think there will  
4       be a confusion by our notice to the consumers?   That's what  
5       my concern is.

6               MR. LOBEL:   I understand your concern, Your Honor,  
7       and that's something that we need to look at.   I don't --  
8       you know, these have been ongoing.   In fact, these  
9       settlements I believe were all struck after we filed our --  
10      or the plaintiffs filed the motion.   So, in other words, the  
11      notice language was crafted before the state settlements,  
12      but -- and, you know, I certainly will not stand up here and  
13      say that consumers can't be confused, because they can be.  
14      This is a confusing process.

15              THE COURT:   It is.

16              MR. LOBEL:   We all get these notices in the mail,  
17      and those of us that know the process are sometimes  
18      confused, but, in any event, no, we think that the notice  
19      language is adequate to put the consumers on notice.   And,  
20      again, the states will do what the states will do.

21              THE COURT:   All right.   Thank you.

22              MR. LOBEL:   Any further questions, Your Honor?

23              THE COURT:   No.

24              MR. LOBEL:   Thank you.

25              THE COURT:   Thank you.

1 Anything else? Anybody else wish to be heard?

2 Anyone on the phone wishes to be heard?

3 MR. BLATCHLEY: No, but thank you, Your Honor.

4 THE COURT: All right. Well, I will again review  
5 the order; and with no objections, I more than likely will  
6 sign it and get the dates out.

7 All right. Anything else that we need to talk  
8 about?

9 MR. LOBEL: No, Your Honor.

10 MR. MCNAB: No, Your Honor.

11 MR. GUDMUNDSON: No, Your Honor.

12 THE COURT: Well, thank you.

13 And this is part of the process of we hear so  
14 much -- I have to turn the radio off and the TV off.  
15 Everyone is talking about the schism in this country about  
16 people not trusting each other. And it's just not the  
17 government, but it's also business. And if a customer can't  
18 get satisfaction, that just makes the irritation about the  
19 whole world is against them.

20 And I'm glad to hear that both sides feel that  
21 CenturyLink has come to grips with this problem and is  
22 trying to solve the problem. If customers can get good  
23 service, then that helps the whole country. And I know how  
24 irritating it is to be on the phone for hours trying to get  
25 something settled. And so it's good that we're -- hopefully

1 we're moving in the right direction here, both for the  
2 customers and for the company.

3 And so I'll sign the preliminary order, and we'll  
4 see where we are at the final hearing. All right?

5 Thank you.

6 THE CLERK: All rise.

7 (Court adjourned at 10:38 a.m., 01-22-2020.)

8 \* \* \*

9 I, Renee A. Rogge, certify that the foregoing is a  
10 correct transcript from the record of proceedings in the  
11 above-entitled matter.

12 Certified by: /s/Renee A. Rogge  
13 Renee A. Rogge, RMR-CRR  
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